

116TH CONGRESS  
1ST SESSION

# H. R. 4317

To amend the Internal Revenue Code of 1986 to extend and expand the new energy efficient home credit, to extend the energy efficient commercial buildings deduction, to eliminate the basis reduction for low-income housing properties receiving certain energy benefits, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 2019

Mr. LANGEVIN (for himself and Mr. WELCH) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to extend and expand the new energy efficient home credit, to extend the energy efficient commercial buildings deduction, to eliminate the basis reduction for low-income housing properties receiving certain energy benefits, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Building Efficiently  
5       Act of 2019”.

1   **SEC. 2. EXTENSION AND EXPANSION OF NEW ENERGY EFFI-**

2                 **CIENT HOME CREDIT.**

3                 (a) EXTENSION OF CREDIT.—Section 45L(g) of the  
4 Internal Revenue Code of 1986 is amended by striking  
5 “December 31, 2017” and inserting “December 31,  
6 2020”.

7                 (b) CREDIT FOR QUALIFIED ENERGY EFFICIENT  
8 RENTAL PROPERTY.—Paragraph (2) of section 45L(a) of  
9 such Code is amended by striking “and” at the end of  
10 subparagraph (A), by striking the period at the end of  
11 subparagraph (B) and inserting “, and”, and by adding  
12 at the end the following:

13                         “(C) in lieu of subparagraphs (A) and (B),  
14                         in the case of qualified new energy efficient  
15                         home that is a qualified energy efficient resi-  
16                         dential rental property, 3.3 percent of the cost  
17                         of construction of such property, reduced by  
18                         any expenditure not taken into account under  
19                         this section by reason of subsection (f).”.

20                 (c) QUALIFIED ENERGY EFFICIENT RESIDENTIAL  
21 RENTAL PROPERTY DEFINED.—Subsection (b) of section  
22 45L of such Code is amended by adding at the end the  
23 following:

24                         “(5) QUALIFIED ENERGY EFFICIENT RESIDEN-  
25 TIAL RENTAL PROPERTY.—

1                 “(A) IN GENERAL.—The term ‘qualified  
2                 energy efficient residential real property’ means  
3                 a building which is residential rental property  
4                 which is described in subparagraph (B), (C), or  
5                 (D).

6                 “(B) NEW OR RECONSTRUCTED BUILD-  
7                 ING.—A building is described in this subpara-  
8                 graph if—

9                         “(i) the certification requirements of  
10                  subparagraph (E) with respect to the  
11                  building are met,

12                         “(ii) the original use of which com-  
13                  mences with the taxpayer, and

14                         “(iii) the building is placed in service  
15                  after the date of the enactment of the  
16                  Building Efficiently Act of 2019.

17                 “(C) IMPROVEMENTS TO EXISTING BUILD-  
18                 ING.—A building is described in this subpara-  
19                 graph if, only after improvements are made to  
20                 the building—

21                         “(i) the certification requirements of  
22                  subparagraph (E) with respect to the  
23                  building are met,

24                         “(ii) the original use of the improved  
25                  building commences with the taxpayer,

1                     “(iii) the improved building is placed  
2                     in service after the date of the enactment  
3                     of the Building Efficiently Act of 2019,  
4                     and

5                     “(iv) the taxpayer elects to the applica-  
6                     tion of this paragraph with respect to  
7                     the building.

8                     “(D) BUILDINGS ACQUIRED BY PUR-  
9                     CHASE.—A building is described in this sub-  
10                    paragraph if the building—

11                    “(i) is acquired by purchase from an  
12                    unrelated person,

13                    “(ii) meets the certification require-  
14                    ments of subparagraph (E), and

15                    “(iii) is placed in service after the  
16                    date of the enactment of the Building Effi-  
17                    ciently Act of 2019.

18                     “(E) CERTIFICATION REQUIREMENTS.—  
19                     The requirements of this subparagraph are met  
20                     if, with respect to a building, the building is  
21                     certified in accordance with subsection (d) as  
22                     being constructed, reconstructed, or retrofitted,  
23                     as the case may be, under a plan designed to  
24                     reduce energy and power consumption of the

1 building by 40 percent or more in comparison  
2 to—

3 “(i) in the case of retrofits made to  
4 an existing building, the baseline annual  
5 energy and power consumption of the  
6 building, or

7 “(ii) in any other case, a reference  
8 building which meets the minimum re-  
9 quirements of the International Energy  
10 Conservation Code 2018 using methods of  
11 calculation under subsection (d).

12 “(F) BASELINE ANNUAL ENERGY AND  
13 POWER CONSUMPTION.—The baseline annual  
14 energy and power consumption of any building  
15 shall be determined by using—

16 “(i) a building energy performance  
17 benchmarking tool designated for purposes  
18 of this paragraph by the Administrator of  
19 the Environmental Protection Agency,  
20 which is based upon energy and power con-  
21 sumption data during the 1-year period  
22 ending on the date on which retrofits  
23 under the plan are placed in service, or

1                         “(ii) such other methods of calculation  
2                         as certified by the Secretary in accordance  
3                         with subsection (d).

4                         “(G) RELATED PERSONS.—For purposes  
5                         of subparagraph (D), a person is related to an-  
6                         other person if—

7                         “(i) the persons are members of an  
8                         affiliated group (as defined in section  
9                         1504), or

10                         “(ii) the persons have a relationship  
11                         described in subsection (b) of section 267;  
12                         except that, for purposes of this clause, the  
13                         phrase ‘80 percent or more’ shall be sub-  
14                         stituted for the phrase ‘more than 50 per-  
15                         cent’ each place it appears in such sub-  
16                         section and rules similar to the rules of  
17                         subsections (c) and (e) (other than para-  
18                         graphs (4) and (5) thereof) shall apply.”.

19                         (d) CONFORMING AMENDMENT.—Section 45L(d) is  
20                         amended by striking “subsection (c)” both places it ap-  
21                         pears and inserting “subsection (b)(5) or (c)”.

22                         (e) EFFECTIVE DATES.—

23                         (1) EXTENSION.—The amendment made by  
24                         subsection (a) shall apply to property placed in serv-  
25                         ice after December 31, 2017.

## **6 SEC. 3. EXTENSION OF ENERGY EFFICIENT COMMERCIAL 7 BUILDINGS DEDUCTION.**

8           (a) IN GENERAL.—Section 179D(h) of the Internal  
9 Revenue Code of 1986 is amended by striking “December  
10 31, 2017” and inserting “December 31, 2020”.

11       (b) EFFECTIVE DATE.—The amendment made by  
12 this section shall apply to property placed in service after  
13 December 31, 2017.

14 SEC. 4. ELIMINATION OF BASIS REDUCTION FOR LOW-IN-  
15 COME HOUSING PROPERTIES RECEIVING  
16 CERTAIN ENERGY BENEFITS.

17 (a) NEW ENERGY EFFICIENT HOME CREDIT.—Sub-  
18 section (e) of section 45L of the Internal Revenue Code  
19 of 1986 is amended—

20                   (1) by striking “ADJUSTMENT.—For purposes”  
21                   and inserting “ADJUSTMENT.—  
22                   “(1) IN GENERAL.—For purposes”; and  
23                   (2) by adding at the end the following new  
24                   paragraph:

1           “(2) EXCEPTION FOR LOW-INCOME HOUSING  
2 PROPERTIES.—Paragraph (1) shall not apply to any  
3 property with respect to which a credit is allowed  
4 under section 42.”.

5           (b) ENERGY EFFICIENT COMMERCIAL BUILDINGS  
6 DEDUCTION.—Subsection (e) of section 179D of the In-  
7 ternal Revenue Code of 1986 is amended—

8           (1) by striking “REDUCTION.—For purposes”  
9 and inserting “REDUCTION.—

10           “(1) IN GENERAL.—For purposes”; and

11           (2) by adding at the end the following new  
12 paragraph:

13           “(2) EXCEPTION FOR LOW-INCOME HOUSING  
14 PROPERTIES.—Paragraph (1) shall not apply to any  
15 property with respect to which a credit is allowed  
16 under section 42.”.

17           (c) ENERGY CREDIT.—Paragraph (3) of section  
18 50(c) of the Internal Revenue Code of 1986 is amended—

19           (1) by striking “and” at the end of subpara-  
20 graph (A);

21           (2) by striking the period at the end of sub-  
22 paragraph (B) and inserting “, and”; and

23           (3) by adding at the end the following new sub-  
24 paragraph:

1               “(C) paragraph (1) shall not apply to any  
2               property with respect to which a credit is al-  
3               lowed under section 42.”.

4               (d) EFFECTIVE DATE.—The amendments made by  
5   this section shall apply to property placed in service after  
6   the date of the enactment of this Act, in taxable years  
7   ending after such date.

